

**RESOLUTION NO: 06-03
OF THE CITY OF STEWART**

"BUSINESS SUBSIDY POLICY AND CRITERIA"

passed on January 9, 2006

RESOLVED by the City Council of Stewart, Minnesota that it shall adopt the following Business Subsidy Policy and Criteria:

Preamble. Whenever the City of Stewart invests public funds or agrees to voluntarily forfeit tax or other revenue that benefit private development projects, those projects should create the greatest number of living wage jobs possible for residents of the City of Stewart and the surrounding region. The City of Stewart policy makers and economic development agents must keep the critical need for living wage jobs at the priority whenever public dollars are invested in a private business or development project.

Business Subsidy Public Purpose. The public purposes of this policy shall be to accomplish the following on behalf of the City of Stewart:

1. Enhance economic growth in this area
2. Create high quality job growth in this area
3. Retain high quality jobs in this area
4. Stabilize the community

This policy is adopted in compliance with MS § 116J.994, Subd. 2. A copy of the policy shall be submitted to the Department of Employment and Economic Development along with the first annual Business Subsidy report.

Business Subsidy Implementation. The City of Stewart will focus its business subsidy assistance to businesses which demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to City of Stewart residents, where applicable, by giving priority to those businesses over businesses that have not traditionally paid living wages.

The City of Stewart will focus its business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 – 469.320; and/or as required by the Business Subsidy statute M.S. §§ 116J.993 – 116J.995.

All other things being equal and to the extent legally possible, the City of Stewart will give preferential treatment for business subsidies to businesses that engage in responsible labor relations defined as neutrality on union organizing.

Although the primary purpose of this policy is the creation of living wage jobs, we cannot achieve our economic development goals without a trained and ready workforce and adequate child care. The City will commit to assist businesses to obtain trained and work-ready

employees through the DEED Workforce Development Centers; MnSCU and other services; and to facilitate access to child care.

I. DEFINITIONS

“Authorized Business Subsidy Signatory” means City Council of Stewart, who is authorized by this Policy to execute business subsidy agreements on behalf of the City of Stewart.

“JOBZ Business Subsidy” means tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 – 469.320;

“Business Subsidy” means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business, and as defined by the Business Subsidy statute M.S. §§ 116J.993 – 116J.995. Business subsidy does not include the following:

1. assistance of less than \$25,000;
2. assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of businesses, size, location or similar general criteria;
3. public improvements to buildings or lands owned by the City of Stewart that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. property polluted by contaminants being redeveloped as defined in M.S. § 116J.552, Subd. 3;
5. assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance to designated historic preservation sites or districts, provided that the assistance is equal to or less than 50 percent of the total cost of the development;
6. assistance to provide job readiness and training services;
7. assistance for housing;
8. assistance for pollution control or abatement, including assistance from a TIF hazardous substances subdistrict;
9. assistance for energy conservation;
10. tax reductions resulting from conformity with federal tax law;
11. workers compensation and unemployment compensation;
12. benefits derived from regulation;
13. indirect benefits derived from assistance to educational institutions;
14. funds from bonds allocated under M.S., Chapter 47A refunding bonds and 501(c)(3) bonds;
15. assistance for collaboration between a Minnesota higher education institution and a business;
16. assistance from a tax increment financing soils condition district as defined under M.S. 469.174, Subd. 19;

17. redevelopment when the Recipients or Qualified Business' investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. general changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. federal assistance until the assistance has been repaid to and reinvested by the local governmental unit;
20. funds from dock or wharf bonds issued by a seaway port authority;
21. business loans or loan guarantees of \$75,000 or less; and
22. federal loan funds provided through the U.S. Economic Development Administration.

"Business Subsidy Report" means the annual report submitted by the LGA required to comply with M.S. § 116J.994, Subd 7(b).

"Criteria means the equitably applied, uniform standards by which the Economic Development Agency and/or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Stewart.

"DEED" means Minnesota Department of Employment and Economic Development.

"Economic Development Agent" means the city department, local or regional economic development agency or other authorized entity that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City of Stewart. The Economic Development Agent for the City of Stewart shall be the City Council, hereinafter "Agent".

"Health Insurance" means basic health insurance which shall include accessibility to coverage for employee and family.

"Living Wage Job" shall mean a job which pays wages and health benefits that total at least the rate of 110 percent of the current poverty level for a family of four.

"Local Governmental Unit" hereinafter LGA, means the statutory or home rule charter city, county, town, iron range resources and rehabilitation agency, regional development commission;

"Qualified Business" means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310, Subd. 11; and complies with the reporting requirements specified by M.S. § 469.313, Subd. 2 (5); and shall comply with the criteria in Section II.C. of this agreement; and shall also mean "Recipient" as defined by Business Subsidy law. A qualified business shall not include a retail business, a low-wage service business, an agricultural production business, or a business that pays less than the living wage defined in this agreement.

"Recipient" means any business entity that receives a business subsidy as defined by M.S. § 116J.993, and that has signed a Business Subsidy Agreement with a city.

"Relocating Business" means a business relocating from another Minnesota non-JOBZ location.

"Relocation Agreement" means a binding written agreement between a relocating qualified business and the commissioner of DEED pledging that the qualified business will either: (a) increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent **or** (b) make a capital investment on the property equivalent to 10 percent of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.

"Subzone" means the parcel or parcels of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone within the boundaries of the City of Stewart to receive certain tax credits and exemptions specified under M.S. § 469.310 – 469.320.


"Zone" means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the commissioner of Employment and Economic Development under M.S. § 469.314.

II. BUSINESS SUBSIDY REQUIREMENTS

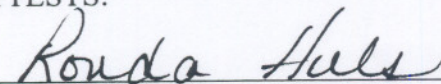
- A. Any time the City of Stewart provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage goals, job goals and other criteria set forth in this policy. In the event of a conflict between the requirements of the Business Subsidy statute M.S. § 116J.993 – 116J.995 and the JOBZ statute M.S. §§ 469.310 – 469.320, the JOBZ statute shall control.
- B. The recipient, in the case of a quantifiable non-JOBZ business subsidy, shall create and retain at least one full-time living wage job and will provide accessibility to basic health insurance for each \$25,000 of business subsidy received. These jobs shall be created not later than 180 days after award.
- C. The qualified business in the case of a currently non-quantifiable JOBZ business subsidy, must create and retain for the period of the JobZone duration or until December 13, 2015, whichever is shorter, at least five of jobs that pay a living wage; and which provide accessibility to basic health insurance. These jobs shall be created not later than 180 days after award.
- D. The City of Stewart may deviate from wage and job criteria in Section II by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.
- E. The City of Stewart shall encourage business to hire local residents.
- F. The City of Stewart shall require all businesses receiving a business subsidy to comply with the following:

1. Attend a properly noticed public hearing held by the City of Stewart as provided by M.S. § 116J.994. The purpose of the hearing shall be held to identify and define the criteria that the qualified business or recipient will meet in order to be eligible to receive a business subsidy or become a qualified business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the qualified business. As provided by M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date, time and place of the hearing, and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.
2. If the business is qualified to receive JOBZ tax benefits, that business shall agree to continue operations in the jurisdiction where the subsidy is used (the subzone) for the duration of the job zone term.
3. If the qualified business or recipient is a relocating business under the definition in this agreement, the business shall be required to enter into a binding written "Relocation Agreement" between the qualified business and the commissioner of DEED pledging that the qualified relocating business will either:
 - (a) increase full-time or full-time equivalent employment in the first full year of operation with the job opportunity building zone by at least 20 percent, *or*
 - (b) make a capital investment on the property equivalent to 10 percent of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.

Adopted by the City Council of Stewart this 9th day of January, 2006.


Kevin Klucas, Mayor

ATTESTS:


Ronda Huls, City Clerk - Treasurer